

Assigned DOGM File No.: S10210044

DOGM Lead: Lynn

Permit Fee \$ 150.00 Ck # 3148

Task:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291 Fax: (801) 359-3940

RECEIVED
OCT 03 2013
DIV. OF OIL, GAS & MINING

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

Note on confidentiality: Information provided in the notice of intention relating to the location, size, or nature of the mineral deposit that is clearly marked confidential will be protected as confidential. Each page or map requested to be kept confidential must be stamped or marked as such. The requested confidential information must describe how the confidential material relates to the location size or nature of the mineral deposit; provide a written claim of business confidentiality; and/or include a concise statement of reasons supporting the claim of business confidentiality, unless disclosing the location of explosives or historic, prehistoric, paleontological, or biological resource that must be considered confidential under statute.

"Small Mining Operations" mining operations which have a disturbed area of five or less surface acres at any time.

I. GENERAL INFORMATION (Rule R647-3-104)

1. Name of Mine: EMERALD MIST MINE
2. Legal name of entity (or individual) for whom the permit is being requested: BEN TERRY
Mailing Address: 447 North 300 West, Suite 3
City, State, Zip: Kaysville, Utah 84037
Phone: (801) 546-3421 Fax: (801) 544-4554
E-mail Address: msanders@nae-xploration.com

Type of Business: Corporation () LLC () Sole Proprietorship (dba) ()
Partnership () General _____ or _____ limited

Or:

Individual ☒

Entity must be registered (and maintain registration) with the State of Utah, Division of Corporations (DOC) www.commerce.utah.gov.

Are you currently registered to do business in the State of Utah? ☐ Yes ☐ No

Entity # _____

If no, contact www.commerce.utah.gov to renew or apply.

Local Business License # _____ (if required)

Issued by: County _____ or City _____

3. **Contact Person(s)**

Name: BEN TERRY Title: OPERATOR
Address: SAME AS ABOVE
City, State, Zip: _____
Phone: _____ Fax: _____
Emergency, Weekend, or Holiday Phone: _____
E-mail Address: _____

Contact person to be notified for: permitting ☒ surety ☐ Notices ☐ (please check all that apply)

Name: MICHELE SANDERS Title: _____
Address: 447 NORTH 300 WEST, SUTE 3
City, State, Zip: KAYSVILLE, UTAH 84037
Phone: (801) 546-3421 Fax: (801) 544-4554
Emergency, Weekend, or Holiday Phone: _____
E-mail Address: msanders@nae-xploration.com

Contact person to be notified for: permitting ☐ surety ☒ Notices ☒ (please check all that apply)

Registered Utah Agent (as identified with the Utah Department of Commerce) (if individual leave blank):

Name: O. JAY GATTEN
Address: 447 North 300 West, Suite 3,
City, State, Zip: Kaysville, Utah 84037
Phone: 801-546-3421 Fax: (801) 544-4554
E-mail Address: ojgatten@nae-xploration.com

4. **If Business is a Sole Proprietor:**

Name of Owner: _____ Title: _____
Business Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

If Business is a Corporation:

Name of Officers: _____ Title: _____
_____ Title: _____
_____ Title: _____
_____ Title: _____
Headquarters Address: _____
City, State, Zip: _____
Headquarters Phone: _____ Fax: _____
E-mail Address: _____

If Business is a Limited Liability Company: Member Managed G Manager Managed G

Name of 1st Member/Manager: _____ Title: _____
Business Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

Name of 2nd Member/Manager: _____
Business Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

If Business is a Partnership:

Name of Partner: _____
Business Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

5. Ownership of Land Surface:

Private (Fee) ☐ Public Domain (BLM) ☒ National Forest (USFS) ☐
State Trust Land/School Sections ☐ State Sovereign Lands ☐
Other (please describe): 176 East DL Sargent Drive Cedar City, Utah 84721
Name _____ Address _____

Name _____ Address _____
Name _____ Address _____
Name _____ Address _____

6. Ownership of Minerals:

Private (Fee) ☐ Public Domain (BLM) ☒ National Forest (USFS) ☐
State Trust Land/School Sections ☐ State Sovereign Lands ☐
Other (please describe): 176 East DL Sargent Drive Cedar City, Utah 84721
Name _____ Address _____
Name _____ Address _____
Name _____ Address _____
Name _____ Address _____

BLM Lease or Project File Number(s) and/or USFS assigned Project Number(s): _____
UMC 389657 THRU UMC 389666

BLM Claim Numbers _____

Utah State Lease Number(s): _____

Name of Lessee(s) _____

7. Have the above surface and mineral owners been notified in writing?

Yes x No _____

If no, why not? _____

*Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration **prior** to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.*

8. Does the Entity have legal right to enter and conduct mining operations on the land covered by this notice? Yes x No _____

II. **PROJECT LOCATION & MAP** (Rule R647-3-105)

1. **Project Location & Map** (legal description):

County(ies): IRON

SW 1/4, of NW 1/4, of SE 1/4: Section: 4 Township: 32S Range: 6W
SE 1/4, of NW 1/4, of SE 1/4: Section: 4 Township: 32S Range: 6W
_____ 1/4, of _____ 1/4, of _____ 1/4: Section: _____ Township: _____ Range: _____

UTM East 364921 (if known) UTM North 4212068 (If known)

Name of Quad Map for Location: BURNT PEAK 7 1/2 minute quad

2. **Location and Operations maps** must be plotted at a scale to accurately identify locational landmarks and operations details. All maps must include a north arrow, scale, appropriate labels, and title box including the mine name, township, range and section.

a. The **general location map** must be the scale of a USGS 7.5 minute series map or equivalent (1"=2000') and identify new or existing access roads.

b. The **operations map** (1"=200' or other scale as determined necessary by the Division) must be labeled and identify:

- i. The area to be disturbed;
- ii. The location of any existing or proposed operations including access roads, drill holes, trenches, pits, shafts, cuts, or other planned activities; and
- iii. Any adjacent previous disturbance for which the operator is not responsible.

(Contact the Division for a list of consultants and land surveyors for mapping assistance.)

3. The proposed (5 acre or less) disturbed area (including access/haul roads) should be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

III. **OPERATION PLAN** (Rule R647-3-106)

1. **Type of mining:** Surface ☒ Underground ☐

2. **Mineral(s) to be mined:** PRECIOUS METALS

3. **Amount of material** to be extracted, moved, or proposed to be moved: _____
20,000 TONS

4. Will any **water, liquid chemicals, reagents, or other solutions** be used, produced or discharged as part of the mining or milling process?

Yes ☐ No ☒ If yes, please describe (add extra pages if needed) _____

5. Provide a brief **description of the proposed mining operation** and onsite processing facilities (add extra pages if necessary). _____
MATERIAL TO BE REMOVED FROM SITE FOR PROCESSING.
The operator has agreed to follow all rules of the Conservation Plan for Greater Sage-grouse in Utah (February 14, 2013).

6. ☐ **New Road(s):** Length _____ (ft) Width _____ (ft)

7. ☒ **Improved Road(s):** Provide a description of the improvements that need to be made to existing roads to access the site, including the Length 5,280 (ft) and Width 8.0 (ft) of new disturbances. Existing road will be re-graded.

8. Total project surface **acreage to be disturbed:** 3.0 (acres) PLEASE SPECIFY EXACT ACREAGE - (this will be used to determine surety bond amount – see #VI).

9. Proposed **startup date** (month, year) October 2013

10. Proposed **completion date**, if known (month, year) Unknown

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover or within practical limits. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining. Please refer to The Practical Guide to Reclamation in Utah, available at https://fs.ogm.utah.gov/pub/MINES/Coal_Related/RecMan/Reclamation_Manual.pdf.

1. *Keep the mining operation in a safe, clean, and environmentally stable condition.*
2. *Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.*
3. *Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.*
4. *Construct berms, fences, or barriers, when needed, above highwalls and excavations.*
5. *Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.*
6. *Remove all waste or debris from stream channels.*
7. *Dispose of any trash, scrap metal, wood, machinery, and buildings.*
8. *Conduct mining activities so as to minimize erosion and control sediment.*
9. *Reclaim all roads that are not part of a permanent transportation system.*
10. *Stockpile topsoil and suitable overburden prior to mining.*

11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.
12. Properly prepare seedbed to a depth of six inches by pocking, ripping, discing, or harrowing. Leave the surface rough.
13. Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)
14. Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.

V. VARIANCE REQUEST (Rule R647-3-110)

Any variance request must be approved in writing by the Division

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. Operation and Reclamation Practices Item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measure to be utilized. Written approval from the Division will be given, if the proposed alternative methods to be used are consistent with the Act.

Are variances being requested? Yes ☐ **No** ☒

1st Variance Requested

Item # _____ Applicable Rule # (i.e. R647-3-109.10 (if you did not want trenches & pits reclaimed)) _____
 Justification: _____
 Alternate methods or measure to be utilized: _____

2nd Variance Requested

Item # _____ Applicable Rule # _____
 Justification: _____
 Alternate methods or measure to be utilized: _____

3rd Variance Requested

Item # _____ Applicable Rule # _____
 Justification: _____
 Alternate methods or measure to be utilized: _____

Attach additional page if more variances are requested.

VI. SURETY (Utah Code Ann. §40-8-7(1)[c])

A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations. No surface disturbance is authorized until the surety is posted and approved in writing. The surety may be provided in the form of a certificate of deposit, a letter of credit, a surety bond, or cash. Please contact the Division for further information about submitting the surety. All mining operations are required to furnish and maintain reclamation surety to guarantee that the land affected is reclaimed (Utah Code Ann. §40-8-7(1)[c]).

The reclamation surety amount is based on the nature, extent and duration of operations. The amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions. Reclamation surety for small mines is reviewed every three (3) or five (5) years and adjusted as necessary for inflation/deflation based upon acceptable Costs Index. **Contact the Division for the dollar amount required for a three (3) or five (5) year period for this project.**

VII. PERMIT FEE (Utah Code Ann. §40-8-7(1)(i))

A permittee's authorization under a notice of intention to conduct small mining operations shall require the paying of permit fees as authorized by the Utah Legislature (R647-3-102.5). Permit fees are assessed to new and existing small mining operations, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.

Small Mine Notices require a \$150.00 fee, which must accompany this application, or the Division cannot process it.

VIII. SIGNATURE REQUIREMENT

CERTIFICATION

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

- a. I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND
- b. I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.
- c. **This certification must be signed by:** (1.) an executive officer if the applicant is a corporation; (2.) a partner if applicant is a partnership (general or limited); (3.) the owner if applicant is a sole proprietorship; **or** (4.) the member or manager if applicant is a limited liability company.

Signature: _____

Date: _____

Name (typed or printed): _____

Title/Position (if applicable): _____

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Michele Sanders

From: Rhett Boswell [rhettboswell@utah.gov]
Sent: Wednesday, October 2, 2013 4:19 PM
To: Michele Sanders
Subject: Re: Emerald Mist Email Request

Michele,

Please use the direction found in Utah's State Conservation Plan for Greater Sage-grouse for all activities associate with this mining action.

The disturbance area associated with this project is technically within what UDWR has mapped as Brood Rearing and Nesting Habitat for Greater Sage-grouse.

Upon review of the site I conclude that the disturbance area is not considered to be typical brood rearing or nesting habitat as the site is a rocky hilltop, which has existing or prior disturbance, and with little or no important vegetation for sage grouse. That said, the project still occurs in mapped habitat and the claim boundary and associated access routes have, or pass through, nesting and brood rearing habitat. The following recommendations should be adhered to where applicable:

- a) Avoid disturbance within this area, if possible. Project proponents must demonstrate why avoidance is not possible.*
- b) If avoidance is not possible, use minimization as appropriate to the area. For example, try to minimize effects by locating development in habitat of the least importance, take advantage of topographic features to screen the disturbance, or maintaining and enhancing wet meadow and riparian vegetation to provide food and shelter.*
- c) If minimization is not sufficient, mitigation is required. Mitigation should be calculated at a minimum of a 4:1 ratio starting with the first acre disturbed. Mitigation must produce lands capable of supporting sage-grouse as habitat before the proposed disturbance occurs, though birds do not need to be using the mitigated area. The proponent of the disturbance must demonstrate that the conditions have been met.*

Successful mitigation may include:

- i) Removal of trees to no more than 5% cover (the closer to 0% the better) and maintenance of at least 10% sagebrush cover;*
 - ii) Maintain forb cover greater than 10% and greater than 10% grass cover during nesting and brood-rearing season;*
 - iii) Maintain or improve wet meadows, when present; and*
 - iv) Installation of green-strips or firebreaks to protect existing nesting habitat.*
 - v) Employment of the Mitigation Bank, if appropriate.*
- d) Cumulative new permanent disturbance within the SGMA should not exceed 5% of the spatial extent of the nesting habitat within the SGMA.[1] Allowances must be made to include the temporal effects of any temporary disturbance, if any such effects are expected. The calculation of the spatial extent of each proposed project or land use, or the area of a natural event, such as wildfire, to be employed in this calculation, is defined as part of the definition of disturbance found in Section 10*

below. The base upon which this calculation is made may be increased through successful rehabilitation or restoration of habitat, or other mitigation actions as appropriate.

e) Employ seasonal stipulations as follows:

o Avoid activities (construction, vehicle noise, etc.) that will disturb nesting or brood-rearing from April 1 - August 15. The local DWR biologist should be consulted for time and distance determinations based on site-specific conditions.

f) Employ noise stipulations which allow no more than 10 db rise above ambient noise levels at the edge of the lek.

Since this is an existing lease and the disturbance area is minimal and localized I recommend that the main stipulation you follow is "e)", the seasonal stipulation. This seasonal restriction and subsequent reclamation should provide adequate protections for sage grouse in the area. Please have the proponent and associated personnel contact me at 435-865-6112 if they encounter any Greater Sage-grouse during operations or if they have any wildlife concerns or questions.

Thanks,

Rhett Boswell

On Wed, Sep 25, 2013 at 10:33 AM, Michele Sanders <msanders@nae-xploration.com> wrote:

Good Morning Rhett,

Sorry to be bothering you again so soon, but I was able to get a meeting with DOGM tomorrow morning and I would like to bring your email with me to review the permit. I think that they just need to know that you approve the project as long as the operator follows the rules outlined in the Conservation Plan and no site visit is needed. I will put in the plan that the operator has agreed. I appreciate your time and effort you put into this project. Hopefully, there will be an official form soon to make this easier!

Have a great day!

Michele

--

Rhett Boswell

Habitat Biologist
Utah Division of Wildlife Resources

1470 N. Airport Rd.
Cedar City, UT 84721
Office#: 435-865-6112
Mobile#: 435-691-2372

INTERSEARCH

International Learning & Research, Inc.

Dr. Richard Thompson,
President
(801) 586 7870 (Work)
(801) 586 6139

Archelological Consultants

Georgia Beth Thompson
Vice President-Administration
(801) 586 7710 (Work)
(801) 586 6139

Barbara W. Frank
Vice President-Field Operations
(801) 586 0776

September 25, 2013

Michele Sanders
North American Exploration, Inc.
447 North 300 West, Suite #3
Kaysville, UT 84037

Dear Ms Sanders:

This letter summarizes the results of a small negative archaeological survey conducted by Intersearch, Inc. for North American Exploration, Inc. in Iron County, Utah. The proposed project consisted of a 5 acre parcel for a proposed mining project; the Emerald Mist mine. The project area is located on lands administered by the Bureau of Land Management (BLM), Cedar City Field Office, within the E ½, NW ¼, SE ¼ of Section 4, T32S, R6W (SLM) (see attached map). Barbara W. Frank serves as the Principal Investigator for Intersearch, and she conducted the fieldwork on September 19, 2013. The survey was conducted under the authorization of Federal Antiquities Permit No. 13UT54955, Utah State Project No. U-13-IG-0770b and a BLM Fieldwork Authorization. No significant cultural resources were recorded during the inventory.

A record search conducted in the Cedar City Field Office, Bureau of Land Management (BLM) files indicated that two inventories had been previously conducted in association with the present project area by the BLM in October, 2007. They consisted of two five acre parcels and the road leading in from State Route (SR) 20, to the south. The first (U-07-LM-1234b) consisted of a 5 acre parcel located just south of, and partially adjacent to, the present project area, and the road leading into the area; the Sierra Madre NOI. The second survey also involved a 5 acre parcel which was conducted as part of the Emerald Mist NOI. It is located just north of the Sierra Madre NOI, and it partially overlaps the present project area. No cultural resources were recorded by either of these inventories.

The present project consisted of a proposed 5 acre mine area; the Emerald Mist mine. It is located 3/4s of a mile north of SR 20, as it runs from west to east between Interstate 15 and US 89 in northeastern Iron County, Utah. Some mining/disturbance has occurred in the previously inventoried areas. The proposed mining area is situated on a rocky volcanic ridge line slope, just southwest of Burnt Peak, east of the Hurricane Cliffs. It sites at an average elevation of 8020 ft and associated vegetation consisted of pinyon-juniper woodland, oak brush, mountain mahogany

and greases. The project area is located in the Transitional life zone within the Tushar Volcanic sub-section of the Basin and Range-Colorado Plateau Transition physiographic region.

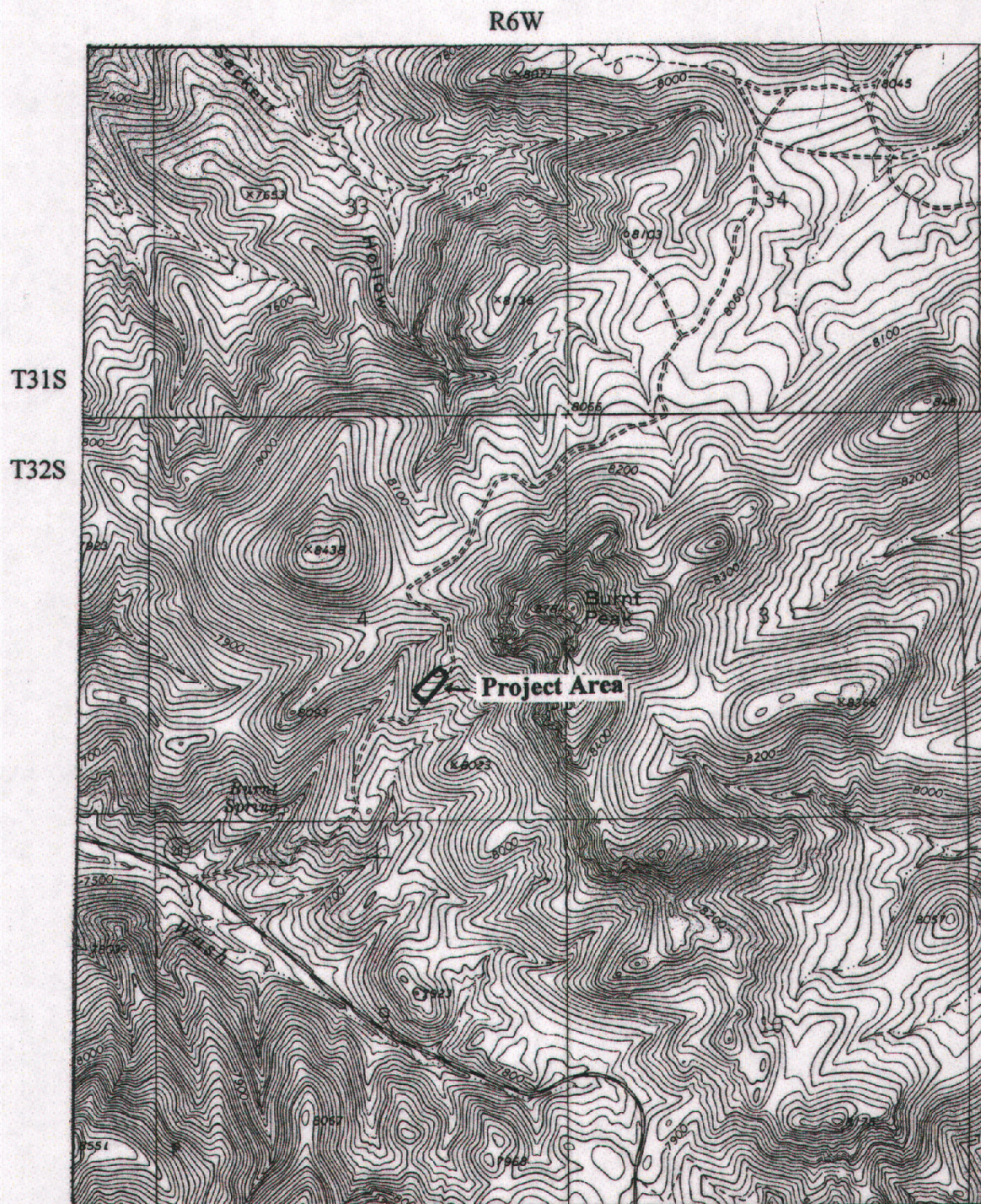
The project areas were located with the aid of maps and GPS co-ordinates supplied by the client. An intensive pedestrian inventory was conducted over the proposed project area. This consisted of walking a series of contiguous, parallel 15 m wide transects over the 5 acre area.

No significant cultural resources were recorded during the present inventory. The negative results of the inventory and the proposed project impacts, in terms of significant cultural resources, recommends that the work may proceed as planned without impacting the local archeological resource base. Thus it is proposed that this project may be considered as a "No Historic Properties Affected" action.

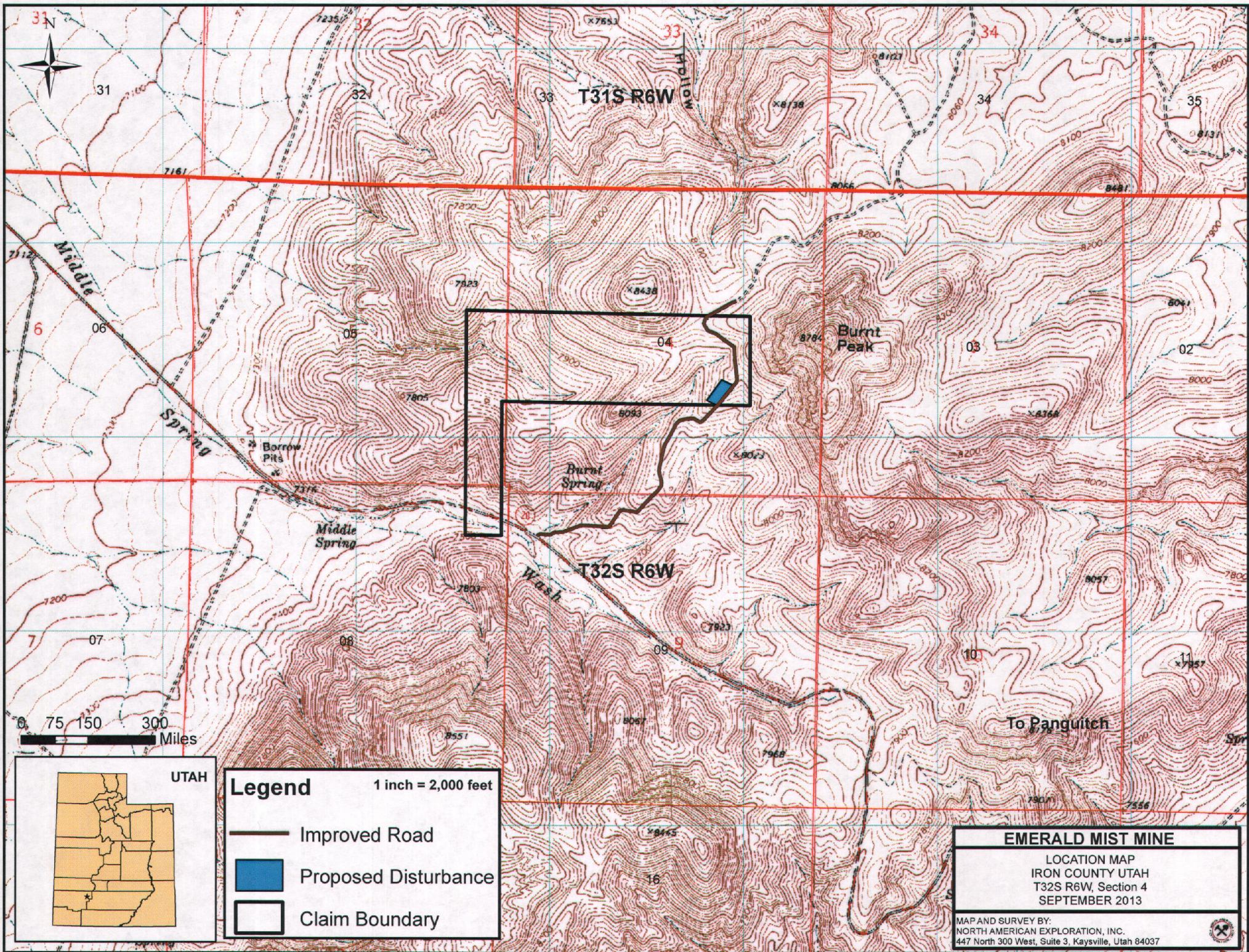
Sincerely,

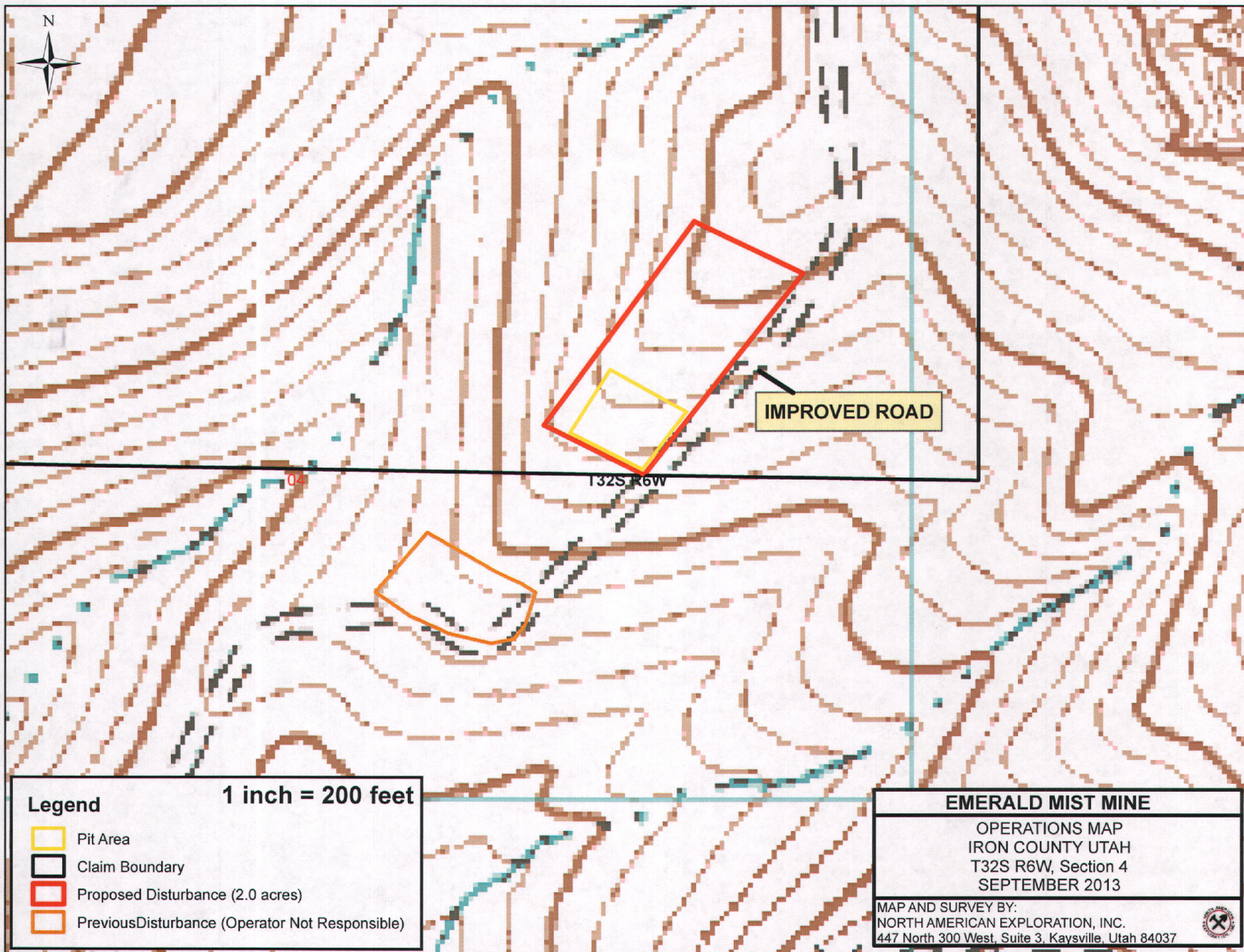
Barbara W. Frank

Barbara W. Frank
President/Principal Investigator







Topographic Map showing Emerald Mist Mine Survey Location
(U-13-IG-0770b)
USGS Burnt Peak 7.5' (1971)





Legend

1 inch = 200 feet

-  Pit Area
-  Claim Boundary
-  Proposed Disturbance (2.0 acres)
-  Previous Disturbance (Operator Not Responsible)

EMERALD MIST MINE

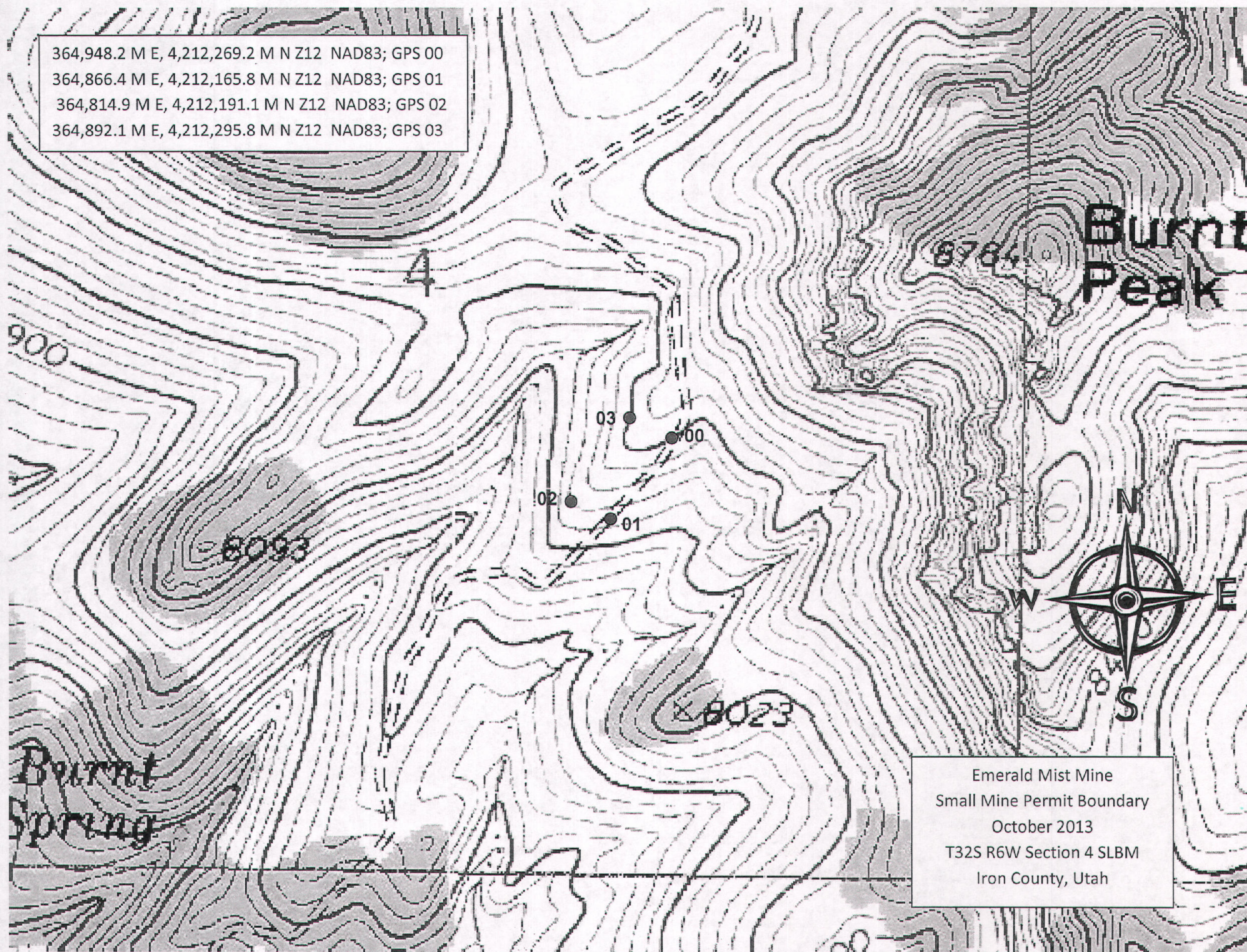
OPERATIONS MAP
IRON COUNTY UTAH
T32S R6W, Section 4
SEPTEMBER 2013

MAP AND SURVEY BY:
NORTH AMERICAN EXPLORATION, INC.
447 North 300 West, Suite 3, Kaysville, Utah 84037





364,948.2 M E, 4,212,269.2 M N Z12 NAD83; GPS 00
364,866.4 M E, 4,212,165.8 M N Z12 NAD83; GPS 01
364,814.9 M E, 4,212,191.1 M N Z12 NAD83; GPS 02
364,892.1 M E, 4,212,295.8 M N Z12 NAD83; GPS 03



Emerald Mist Mine
Small Mine Permit Boundary
October 2013
T32S R6W Section 4 SLBM
Iron County, Utah